



Treasury Secretary Henry Paulson

CONSERVATIVE BATTLELINE ONLINE

*The "Bold Colors" Conservative Voice in
Washington*

Issue 117 - October 8, 2008

[End of Capitalism?](#)

From the Battle Line

[End of Capitalism?](#)

by Donald Devine

[Dems Killed Crisis Solution](#)

by Kevin Hassett

[Illusive "Bush Doctrine"](#)

by Paul Weyrich

Media Pass in Review

[Media's Model Conservative](#)

by Joseph Morris

[American Carol](#)

by Spencer Warren

[Cliff Notes on Great Books](#)

by Donna Wiesner Keene

Government Maneuvers

[Government Not Market Failed](#)

by Mark Hendrickson

[Free Medicine Works](#)

by John Goodman

[Immigration Vote Miscounted](#)

by Mike Pence

Culture Wars

[No Better Than Bacteria](#)

by S.T. Karnick

[A New Ice Age](#)

by Alan Caruba

[Ethanol Pollution](#)

by Dennis Avery

Political Front

[Losing Presidential Strategy](#)

by Davis Keene

[Change You Can Change](#)

by Lisa De Pasquale

[Democratic Surge?](#)

by Scott Rasmussen

Reader Backfire

[To Dear American Friend](#)

[Left Activists Force Bad Loans](#)

by George Nesterzuk

[Reader Comments](#)

The End of Capitalism?

by Donald Devine

Issue 117 - October 9, 2008

Et tu, Brute? Before the first Congressional vote on Treasury Secretary Henry Paulson's mindboggling \$700 billion bailout/socialization of investment-banking risk, no less than the editors of The Wall Street Journal deserted free market solutions and declared "this government intervention is justified" and "we support it."

Friends of the market were perhaps not as shocked as Caesar that the editors of what was considered the first newspaper of capitalism capitulated, but state capitalism seemed a dramatic reversal nonetheless. Indeed, after the House rejected the first bill, the editors even lashed out at their former allies as "safe in their think tank" ideologues who think economic reality is an "academic seminar," and criticized the courageous Congressional opponents for their "run for cover" from the majority of their constituents who clearly opposed the bailout.

The abandonment of principle did not even work judging from the negative world market and night-after economic expert reactions once the then even more humongous \$850 billion (\$17,000 per taxpaying household) bailout became law.

Still, even the Journal editors were clear about what was the source of the financial crisis - that it was the government that caused the panic in the first place.

- "The original sin of this crisis was easy money," which the Federal Reserve had promoted right up to the present crisis, but especially from 2003 to 2005 as it was brewing, creating a "vast subsidy for debt that both households and firms exploited."
- Fannie Mae and Freddie Mac were created by government with the explicit purpose of borrowing at below market rates and with the implied support of the taxpayers, which was in fact made explicit during the crisis. It was they who bought the "increasingly questionable" Countryside mortgages that began the rout. Spurred on by Congress to issue more and more "affordable mortgages" to those who could not afford them, it is not surprising Freddie and Fannie collapsed and dragged the rest after them.
- This was abetted by Federal and state regulations creating an oligopoly of ratings agencies—S&P, Moody's and Fitch—who promised to rate the risk on securities accurately and therefore provided an implied government safety protection that proved unreliable and misleading, but which increased risk-taking before that became apparent. The 2007 action by Congress to end the oligopoly, unfortunately, came too late.
- The more regulated finance firms like Lehman and Bear Stearns were allowed increased leverage rates from the previous 10 to one ratio up to 30 or 40 to one by the SEC overseers, under rules adopted in 2004 by everyone's favorite aggressive regulator, SEC Chairman William Donaldson. When the bull market cooled, not surprisingly, they failed. By contrast, minimally regulated hedge funds and private equity companies have so far survived without government rescue.



- The Community Reinvestment Act of 1977 "compels banks to make loans to poor borrowers who often cannot repay them." In 1993, the Clinton Administration rewrote the regulations to force more loans and in 1994 announced a National Homeownership Strategy to push even more poorly financed minority borrowers into mortgages. Fannie and Freddie were allowed to hold just 2.5 percent of capital compared to 10 percent for banks. Wonder why these loans might fail in a crisis?

It is not as if no one foresaw what would happen in face of these governmental actions. In 2005 even the normally opaque Fed chairman [Alan Greenspan](#) told Congress in the bluntest possible terms: If Fannie and Freddie "continue to grow, continue to have the low capital that they have, continue to engage in the dynamic hedging of their portfolios, which they need to do for interest rate risk aversion, they potentially create ever-growing potential systemic risk down the road. We are placing the total financial system of the future at a substantial risk."

The Journal editors could have added that it was the initial New Deal regulations that were the seeds of the current crisis. The Glass-Steagall Act of 1933 separated investment firms from bank depositories and forbade such combinations in the future in the mistaken belief that intermingling the two had caused the Great Depression. After years of academic study proving otherwise, Glass-Steagall was finally overturned in 1999 by overwhelming votes of 362-57 in the House and 90-8 in the Senate.

Still, the bottom line for the Journal editors was that only the Government could solve the problem, although they would prefer the Federal Deposit Insurance Corp to the Treasury. Only the American people and a few courageous free market Congressmen, economists and commentators favored letting the market hit bottom and allowing those who had taken the risks to pay the costs of their decisions. Investment bankers made billions in profit and were expected to bear the burden of the downturn. Individual mortgagees received the benefits of initial 1.9 percent interest rates, and living in houses they could not afford, were expected to bear the balloon burden of their decisions. There was no reason to expect the Paulson plan to work over the long run so there would probably be a rough adjustment in any event, so why not save the trillion dollars and allow an otherwise sound economy to recover?



As President George Bush was on television rallying the nation to support the bailout deal, a Rasmussen poll showed that only 30 percent of voters approved his rescue of the financial markets. Indeed, 63 percent were concerned that the Federal Government would over-react to the crisis, up from 49 percent the week before. While 77 percent of Republicans believed the government might over-react, even 47 percent of Democrats believed so too. Half of the voters said it would be better if the government let the financial firms that made the investments go bankrupt, Republicans by a 15 point margin and Democrats narrowly.

In spite of this, the call from unreconstructed New Dealers was not "let the market work" but for "more regulation," the constant mantra of the Barack Obama campaign - as if John McCain as head of the Commerce Committee had not favored plenty of regulation and in spite of the fact regulations mandating cheap loans were the source of the problem. To his credit, Sen. McCain was one of three Senate cosponsors of S-190, which at least attempted to rein in Fannie and Freddy in 2005. As economist Alan Reynolds emphasized, even after Glass-Steagall ended, the Federal Reserve, the Securities and Exchange Commission, the Comptroller of the Currency, and the FDIC were still in charge of regulating all of the giant conglomerates that emerged and they issued and enforced plenty of regulations.

Innocents who seek security in regulation need to recall, however, that not one of those august agencies exhibited timely foresight or concern about the default risk among even prime mortgages in some locations, or about any lack of transparency with respect to bundling mortgages into securities. People do not become wiser, more selfless or more omniscient simply because they work for government agencies.

Indeed, how could the current crisis have been mitigated at all if J.P. MorganChase bank could not have bought Bear Stearns investment banking, Reynolds asks? The Bank of America could not have bought Merrill Lynch, Barclay's Bank could not purchase most of Lehman, and Goldman Sachs and Morgan Stanley could not become bank holding companies. Moreover,

A powerful motive for converting investment banks into commercial banks is to get around those onerous balance-sheet rules that required fire-sale pricing of securities that were virtually unmarketable during a panicky scramble for liquidity. Strict adherence to those [mark-to-market Sarbanes-Oxley] rules made patience a vice and a "buy and hold" approach impossible. This confirms what many of us have long been saying about the foolishness of letting arbitrary bookkeeping rules dominate economic reality.

Reinstating hard money, the privatization of Freddie and Fannie, elimination of the unrealistic mark-to-market accounting rules, higher liquidity standards, the combination of deposit and investment banking, and the elimination of the Community Reinvestment Act and its Clinton enhancements would be sound long term solutions. Were there market solutions for the short term other than just eliminating these dysfunctional regulations? Economist Brian Westbury proposed to allow financial firms to erect accounting firewalls around at-risk assets created between December 2003 and August 2007 to isolate them on their balance sheets from the rest of their assets and then holding them to maturity. The government's only role would be to insure rather than purchase the sequestered funds, keeping the assets as private property away from government socialized control, a suggestion essentially incorporated into a Republican Study Committee proposal.



In any event, some adjustment to the fact of massive over-leveraging must take place or the U.S. economy will go into a long-term decline like the decade-long Japanese stagnation or even the similarly long Great Depression. It is not just the banks and the government agencies that are over-leveraged. Martin Wolf in the Financial Times reports that U.S. household indebtedness jumped from 50 percent of gross domestic product in 1980 to 100 percent in 2007, while financial sector debt increased from 21 percent of GDP to 116 percent over the same period. This gross deviation from historical degrees of indebtedness must and will be corrected, leading to lower – but, one hopes, more sustainable – levels of growth in the future. The only question is how long government actions will delay and deepen the inevitable.

At the end of the day, capitalism requires punishment as well as reward for risk-taking. Competitive Enterprise Institute analyst John Berlu put it well. "Business failure is not only a permissible outcome of capitalism, it's a necessary one. As the great economist Joseph Schumpeter has written, the process of 'creative destruction' is essential for the market to function. For innovation to flourish and the standard of living of the populace to improve, the market must be free to reward success and punish failure."

America has come a long way from that ideal. The most obvious fact is that the bailout was demanded because all of the alphabet agencies created in the wake of the 1930s Depression could not solve the problem. In fact, they created it. And they do not know how to fix it. As Washington Post columnist Robert Samuelson wrote before the vote, "our leaders are making up their responses from day to day because old ideas of how the economy works have failed them"-- what he called "the bankruptcy of modern economics" that told us "we knew how the economy worked and could take steps to prevent it."

This crisis is not that of capitalism but of the decrepit New Deal regime that tried to tame it but ended tying it in knots. Attempts to tighten regulations further will only exacerbate the flight of capital overseas. The present failure is the beginning of the end of the idea that progressive bureaucratic experts sitting in their government headquarters are smarter than the market, which as F.A. Hayek taught was the "fatal conceit" of socialism that guaranteed it would fail as it did for the Soviet Union.



And now, [as we have been predicting](#), New Deal central planning has failed too. This is not necessarily good news for supporters of limited government because it still must be decided whether socialism, fascism or a less fettered capitalism will replace it. With the passage of the Paulson plan, the first two get a leg up but it is too early to say if it is the end of capitalism and, ultimately, freedom. The good news is that in this crisis the American people were on the side of letting capitalism work.

Donald Devine, the editor of Conservative Battleline Online, was the director of the U.S. Office of Personnel Management from 1981 to 1985 and is the director of the [Federalist Leadership Center](#) at Bellevue University.

**E-mail the
Editor**

Dems Killed Crisis Solution

by Kevin Hassett

Issue 117 - October 8, 2008

The financial crisis of the past year has provided a number of surprising twists and turns, and from [Bear Stearns Cos.](#) to [American International Group Inc.](#), ambiguity has been a big part of the story.

Why did Bear Stearns fail, and how does that relate to AIG? It all seems so complex.

But really, it isn't. Enough cards on this table have been turned over that the story is now clear. The economic history books will describe this episode in simple and understandable terms: [Fannie Mae](#) and [Freddie Mac](#) exploded, and many bystanders were injured in the blast, some fatally.

Fannie and Freddie did this by becoming a key enabler of the mortgage crisis. They fueled Wall Street's efforts to securitize subprime loans by becoming the primary customer of all AAA-rated subprime-mortgage pools. In addition, they held an enormous portfolio of mortgages themselves.

In the times that Fannie and Freddie couldn't make the market, they became the market. Over the years, it added up to an enormous obligation. As of last June, Fannie alone owned or guaranteed more than \$388 billion in high-risk mortgage investments. Their large presence created an environment within which even mortgage-backed securities assembled by others could find a ready home.

The problem was that the trillions of dollars in play were only low-risk investments if real estate prices continued to rise. Once they began to fall, the entire house of cards came down with them.

Take away Fannie and Freddie, or regulate them more wisely, and it's hard to imagine how these highly liquid markets would ever have emerged. This whole mess would never have happened.

It is easy to identify the historical turning point that marked the beginning of the end.

Back in 2005, Fannie and Freddie were, after years of dominating Washington, on the ropes. They were enmeshed in accounting scandals that led to turnover at the top. At one telling moment in late 2004, captured in an article by my [American Enterprise Institute](#) colleague [Peter Wallison](#), the Securities and Exchange Commission's chief accountant told disgraced Fannie Mae chief [Franklin Raines](#) that Fannie's position on the relevant accounting issue was not even "on the page" of allowable interpretations.

Then legislative momentum emerged for an attempt to create a "world-class regulator" that would oversee the pair more like banks, imposing strict requirements on their ability to take excessive risks. Politicians who previously had associated themselves proudly with the two accounting miscreants were less eager to be associated with them. The time was ripe.

The clear gravity of the situation pushed the legislation forward. Some might say the current mess couldn't be foreseen, yet in 2005 [Alan Greenspan](#) told Congress how urgent it was for it to act in the clearest possible terms: If Fannie and Freddie "continue to grow, continue to have the low capital that they have, continue to engage in the dynamic hedging of their portfolios, which they need to do for interest rate risk aversion, they potentially create ever-growing potential systemic risk down the road," he said. "We are placing the total financial system of the future at a substantial risk."



What happened next was extraordinary. For the first time in history, a serious Fannie and Freddie reform bill was passed by the [Senate Banking Committee](#). The bill gave a regulator power to crack down, and would have required the companies to eliminate their investments in risky assets.

If that bill had become law, then the world today would be different. In 2005, 2006 and 2007, a blizzard of terrible mortgage paper fluttered out of the Fannie and Freddie clouds, burying many of our oldest and most venerable institutions. Without their checkbooks keeping the market liquid and buying up excess supply, the market would likely have not existed.

But the bill didn't become law, for a simple reason: Democrats opposed it on a party-line vote in the committee, signaling that this would be a partisan issue. Republicans, tied in knots by the tight Democratic opposition, couldn't even get the Senate to vote on the matter.

That such a reckless political stand could have been taken by the Democrats was obscene even then. [Wallison wrote](#) at the time: "It is a classic case of socializing the risk while privatizing the profit. The Democrats and the few Republicans who oppose portfolio limitations could not possibly do so if their constituents understood what they were doing."

Now that the collapse has occurred, the roadblock built by Senate Democrats in 2005 is unforgivable. Many who opposed the bill doubtlessly did so for honorable reasons. Fannie and Freddie provided mounds of materials defending their practices. Perhaps some found their propaganda convincing.

But we now know that many of the senators who protected Fannie and Freddie, including [Barack Obama](#), [Hillary Clinton](#) and [Christopher Dodd](#), have received mind-boggling levels of financial support from them over the years.

Throughout his political career, Obama has gotten more than \$125,000 in campaign contributions from employees and political action committees of Fannie Mae and Freddie Mac, second only to Dodd, the Senate Banking Committee chairman, who received more than \$165,000. Clinton, the 12th-ranked recipient of Fannie and Freddie PAC and employee contributions, has received more than \$75,000 from the two enterprises and their employees. The private profit found its way back to the senators who killed the fix.

There has been a lot of talk about who is to blame for this crisis. A look back at the story of 2005 makes the answer pretty clear.

Oh, and there is one little footnote to the story that's worth keeping in mind while Democrats point fingers between now and Nov. 4: Senator [John McCain](#) was one of the three cosponsors of [S.190](#), the bill that would have averted this mess.

[Kevin Hassett](#), director of economic-policy studies at the American Enterprise Institute, is a Bloomberg News columnist, where this first appeared. He is an adviser to Republican Senator John McCain of Arizona in the 2008 presidential election. The opinions expressed are his own.

**E-mail the
Editor**

Illusive "Bush Doctrine"

by Paul Weyrich

Issue 117 - October 9, 2008

For the most part ABC News anchor Charles Gibson's interview with Governor Sarah Palin was fair. As expected, Gibson included a "gotcha" question. He asked her what she thought of the "Bush Doctrine." Clearly she did not have a ready answer. Later he told her that the Bush Doctrine was the presumption that if we know a country is preparing to attack, the USA has the right to a preemptive strike. She gave a general reply that the United States has a right to its own defense and must do whatever intelligence suggests.



Paul M. Weyrich

The next day liberals and even some conservatives pronounced that Palin's answer was proof that she was not ready to be President. Because of McCain's age this has become a live issue and may be taking a bit of the bloom off the rose.

Can we really blame her for being confused? There are several pronouncements which have been termed the Bush Doctrine. This was spelled out by Michael Abramowitz in a front page article in the Washington Post on September 13. He quotes Peter D. Feaver, who worked on the Bush National Security Council Staff, as saying there are at least seven Bush pronouncements which have been called the Bush Doctrine. This immediately became a hot issue on the political blogs. Liberals said her answer demonstrated her thin grasp of foreign policy. Conservatives, said Abramowitz, said she handled the question well by asking Gibson to clarify what he meant by the Bush Doctrine. Liberal journalist James Fallows charged that Palin did not recognize the Bush name and this, he said, demonstrated "a lack of attention to any foreign-policy discussions whatsoever in the last seven years."

Her replies regarding Russia and Georgia indicated that statement was somewhat exaggerated. The existence of the Bush Doctrine, or many Bush doctrines, was disputed by Philip D. Zelikow, who was State Department Counselor under Secretary of State Condoleezza Rice.

He told the Post, "I believe the assertion that there is such a doctrine lends greater coherence to the Administration's policies than they deserve."

President Jimmy Carter's National Security Advisor, Zbigniew Brzezinski, said there was no single piece of paper which represented the Bush Doctrine, that several ideas collectively represent the Bush Doctrine. If he isn't sure it is not surprising that Governor Palin doesn't know. Dana Perino, the President's Press Secretary, said the Bush Doctrine deals primarily with the War on Terror. She laid out three elements of the Doctrine: 1) The United States does not distinguish between those who commit acts of terror and those who harbor and support the terrorists; 2) We will confront grave threats before they fully materialize and will fight the terrorists abroad so we don't have to face them at home; and 3) We will counter the hateful ideology of the terrorists by promoting the hopeful alternative to human freedom. So she gave an answer that none of the foreign policy experts gave.

Stephen E. Biegun now serves as Governor Palin's foreign policy advisor. He helped to draft the original Bush Doctrine statement in 2002 articulated by Gibson. So presumably next time Palin is asked the question she will have a ready answer – unless, of course, she decides to go with one of the other six definitions of the Bush Doctrine.

Paul M. Weyrich is Chairman and CEO of the Free Congress Foundation.

**E-mail the
Editor**

Media's Model Conservative

by Joseph Morris

Issue 117 - October 9, 2008

The New York Times's idea of what a conservative columnist *is* is probably modeled on the work of Joseph Goebbels. *The New York Times's* idea of what a conservative columnist *ought* to be seems to be David Brooks.

A [recent Brooks column](#) demonstrates that he certainly does not embrace any contemporary definition of conservatism that conservatives would endorse, let alone the fusion of traditionalism and libertarianism upon which the success of the modern intellectual and political conservative movements has been based.



David Brooks

At the heart of the column is the renunciation, dressed up to look like an appeal to the empiricism of Adam Smith and the prudence of Edmund Burke, of a vision of "individualism" ascribed to Barry Goldwater. "Individualism" is condemned as being at variance with "reality".

Exhibit A in Brooks's case is the mortgage market meltdown. Brooks writes:

"The latest example of the mismatch between ideology and reality is the housing crisis. The [Republican] party's individualist model cannot explain the social contagion that caused hundreds of thousands of individuals to make bad decisions in the same direction at the same time. A Republican administration intervened gigantically in the market to handle the Bear Stearns, Freddie and Fannie debacles. But it has no conservative rationale to explain its action, no language about the importance of social equilibrium it might use to justify itself."

Set aside Brooks's confusion -- shared, it seems, by all the editors at his newspaper -- between "conservative principles", on the one hand, and "the Republican Party", on the other. Note, as well, that Brooks does not offer his own explanation for "the social contagion that caused hundreds of thousands of individuals to make bad decisions in the same direction at the same time".

In fact, the conservative movement has a perfectly serviceable and empirically-provable explanation for such "social contagion". It is the same explanation for the market-skewing effects that state action ranging from tax policies to and Medicare rules has on human action ranging from capital formation to the costs of health care: Government compulsion. Bad laws compel law-abiding people to do inefficient, imprudent, unwise, and even bad things.

Dissing "individualism", I suspect, is part of a strategy on the part of leftist intellectuals to enervate conservatism by stripping it of its skepticism of big government. Note that Brooks does not denounce a Republican administration for its "gigantic" intervention in the marketplace; he denounces it for lacking a "conservative rationale" to justify what it has done.

If there is one thing, it seems, that Burke, Smith, Goldwater, Hayek, and Friedman -- and Brooks -- would agree upon is that there is no "conservative rationale" for big government. Of the six of them, only Brooks regrets it.

Joseph A. Morris is senior partner at Morris and DeLaRosa in Chicago and a member of the American Conservative Union Board of Directors.

American Carol

by Spencer Warren

Issue 117 - October 9, 2008

Good news! An American Carol fully meets expectations. Director David Zucker and his writers employ their considerable comedic talent in a scorched-earth campaign against just about all of America's Politically Correct (i.e. Cultural Marxist) enemies, leaving them crushed in the dust - by ridicule and laughter!

The clever plot is adapted from Charles Dickens's beloved A Christmas Carol - except that the miserly old Scrooge is replaced by the slovenly, radical left-nihilist non-thinker Michael Moore, named Michael Malone in the film. He is played to perfection by Kevin P. Farley; indeed, he may be more Michael Moore than Michael Moore himself, which is a tribute to the stiletto accuracy of the film's satire. Where in the Dickens tale Scrooge is presented with a truthful view of the miserable life he has led by the Ghosts of Christmas Past, Present and Yet to Come, and then redeems himself, here Malone is instructed in the truth about America's rightness and our radical Muslim enemies' evil by none other than General George S. Patton (Kelsey Grammer) and President John F. Kennedy (Chriss Anglin).



Accompanied by General Patton, Malone is forced to take time out from his real-life campaign to abolish the Fourth of July. They look on as Neville Chamberlain literally wipes Hitler's boots (and also Mussolini's and Tojo's) as he signs away Czechoslovakia at Munich in 1938. Like Malone (as well as many of the leaders and base of today's Democrat Party), Chamberlain believed the sweet reason of appeasement and "talking" would prevent war. As Chamberlain makes this point, facing their boots, the evil trio break into song, Adolf leading them in a rousing rendition of "Kumbaya," the folk song once popularized in the 1950s and '60s by the pious folk-singers Pete Seeger (a one-time Communist) and Joan Baez. The use of the song here also can be seen as a sarcastic comment on the earnest, extreme naïveté on display. (Zucker also used the song in a campaign advertisement several years ago to mock Clinton's Secretary of State Madeleine Albright: the song is sung as she blithely welcomes some terrorists.)

In another stop on Malone's journey of discovery, Patton shows him what his ancestral home in Alabama looks like today because President Lincoln agreed with him that nothing is worth fighting for and allowed the South to secede. Much to Michael's horror, the Malone plantation house of 2008 is still tended by black slaves, happy and as simple-minded as the old racist stereotype. One of his bastard sons, "Bacon Stains" Malone (Gary Coleman) is happily wiping the car and in the front yard scores of "darkies" are joyfully singing and picking in the cotton field. As Patton escorts Malone away, one of the slave children calls out, "Good-bye, Daddy." There are quite a few more belly-laughs like this to come.

This is the broad, hilarious brand of humor Zucker applied in *Airplane!* and *The Naked Gun*. He and his co-writers (Myrna Sokoloff and Lewis Friedman) are very accomplished at bringing off just the right, light comedic tone - even when Patton shoots up the ACLU Frankenstein-like zombies dressed in lawyers' suits to free a courtroom from their unconstitutional depravations. Veteran actor Dennis Hopper is the judge whose expert marksmanship brings down the ACLU monsters as they try to remove the Ten Commandments from his courtroom wall. (Hopper's appearance is curious in that in 1969 he directed perhaps the most vicious anti-American movie ever made, *Easy Rider*. He must need the money.)

The filmmakers also are superb when their comedy briefly shifts to moving solemnity in the highlight of the movie, when Malone encounters George Washington (superbly and very convincingly created by Jon Voight). Malone has been taken to St. Paul's Church on Broadway in downtown Manhattan; this eighteenth century church is still in use, and it is where Washington worshipped the morning of

his inauguration (a few blocks away) in 1789 as the first president of the United States of America. (Had they been around then, the mainstream media would have been howling in protest at this "violation" of the mythical separation of church and state.) Washington first appears to Malone standing, in his general's full-dress uniform, near the pulpit. He shows him the chair in which he prayed, which is still on display in the church. (This is all true; I have been there.) With great dignity and unassuming authority, the Father of our country tells Malone that freedom is our most precious gift, but that to preserve it we must distinguish freedom from license. Then he asks Malone to join him at the rear of the church, where he opens the wood doors to reveal the macabre, surrealist wreck of the World Trade Center, which did indeed stand one block behind St. Paul's: an unforgettable image viewed from inside the church, with Washington standing alongside.

Before they are finished, Zucker and company have demolished the ignorant, empty-headed, self-righteous student protestors; their neo-Marxist professors (scene at one of the worst left-wing universities, once proud Columbia); Move-on.org (depicted as MooveAhead.org, presenting Malone with its Leni Riefensthal documentary award); and fellow travelers like the pro-terrorist Jimmy Carter. Rosie O'Donnell and other anti-Christian bigots are skewered - Rosie O'Connell's fabricated "documentary" about Christian terrorists results in such extreme airport security measures that passengers are forced to disrobe completely and be examined in the manner, shall we say, of a prostate exam!). Hollywood leftists are given the ridicule they have so richly earned - thus, when Malone is shown the Muslim Hollywood that resulted from our failure to win the war against Muslim terror, we see a Burkha boutique. These Muslim radicals also are observed for what they are: Eyeing a gorgeous blond at a cocktail party with Malone, who has befriended three such terrorists (not dreaming for a second who they really are), one of them cracks, "She'd look great in a burkha." Like the peerless Frank Capra in classics like *Mr. Deeds Goes to Town* (1936), *Mr. Smith Goes to Washington* (1939) and *State of the Union* (1948), *An American Carol* offers an object lesson in how comedy can be employed to make serious points better than drama.

Our men and women (mostly men are shown) in uniform are the heroes of the film; Zucker celebrates them in the film's climax in Madison Square Garden, at a country music concert hosted by Trace Adkins, which is the Muslim villain's target. Zucker also movingly celebrates our once proud, pre-1960s movie heritage. Thus, Malone, even in his pure Michael Moore phase, aspires to move beyond his "documentaries" and become a great epic director like John Ford; a poster of Ford's famous epic shooting location for many of his Westerns, Monument Valley with its buttes and mesas, adorns Malone's bedroom wall. And viewers should not miss the line near the end when the soldier who (Malone fantasized) has stolen his dream girl, tells him as he heads off for Iraq that now that Malone is on America's side, "I know we're going to win." This is a wonderful reference to the immortal *Casablanca* (1942); these are the words of the resistance hero Victor Laszlo (Paul Henried) to Rick (Humphrey Bogart) at the airport in the film's finale, when Laszlo sees that it is the once cynical Rick who has arranged for his and Ilsa's (Ingrid Bergman) flight to Portugal and thence to America, from where he will continue the fight against the Nazis.

An American Carol is the most important conservative movie since Mel Gibson's film *The Passion of the Christ* (2004). Readers are urged to go out and see it. You will enjoy lots of laughs and show the movie industry there is indeed a market for conservative movies.

Spencer Warren is ConservativeBattleline On Line's media critic.

**E-mail the
Editor**

Cliff Notes on Great Books

by Donna Wiesner Keene

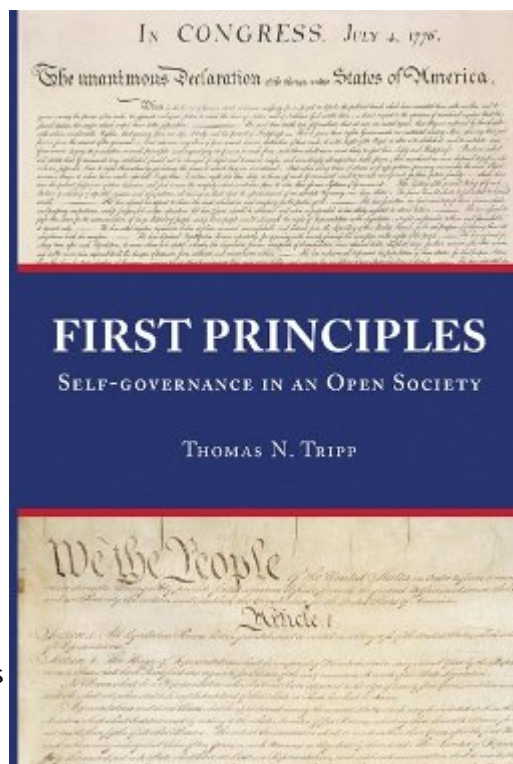
Issue 117 - October 9, 2008

Seventy percent of recent English degree graduates have not studied Shakespeare.

That is not so surprising to those of us who work with political science graduates, who know that what's taught in the ivory tower bears little relation to real-world politics.

Like many a twenty-something political staffer, I learned politics and policy at free Heritage and Cato lectures followed by cheese and sodas or free sandwiches. I actually attended for the lectures; I felt badly that I earned a living in politics and had never taken a political science course. After teaching, I know that a long afternoon reading at the fireplace heals many gaps. The denigration of higher education so obvious to employers can be remedied: hand your children or new hires Tom Tripp's book while they are young.

First Principles: Self-Governance in an Open Society is a Cliff Notes for those of us who enjoy considering great ideas from new perspectives, and to any citizen who wants to be a better citizen, voter, and yes, politician.



Studying the great books of Western civilization has been heralded as the way to an informed voter population, but too often Oliver Stone's films substitute for real history. The authors and books Tripp reviews are recognizable to those with a classical education -- John Locke, Thomas Paine, Thomas Jefferson, Lord Acton and de Tocqueville -- yet this is not a dry recitation of the themes. Tripp summarizes, comments, and relates to modern day issues not as a philosopher but as a successful businessman from Ohio and Wyoming and long-time conservative activist. Walk for the first time or again through themes so wrong, so right, or so prevalent today. Update the classics with chapters based on the works of William F. Buckley, Jr., Daniel Pipes, George Gilder, Lee Edwards and other modern thinkers.

I for one look forward to more editions of his books, because my first copy has so many notes in the margins and corners turned down for references for later speeches that it is hardly readable.

In speaking of Ludwig von Mises, Tripp writes, "Today, understanding how socialism and equalitarianism became ascendant in governance during the middle of the twentieth century remains important, for the square wheel so often begs to be reinvented as people repeat old errors. ... The creation of some 'entitlements' gives rise to many more so that the population eventually becomes attuned to being entitled to many things -- and obligated for few."

Comments over the last several weeks make Mises very relevant-- with statements from even the staunchest pseudo-conservatives that Fannie Mae and Freddie Mac are too big to fail, while those taught by Mises question their very existence in an age where their functions are redundant at best. After all, adding to the cost of every working class mortgage so that the CEOs of two failed companies can receive \$15 million dollar golden parachutes seems a stretch in the best of times, and hardly fathomable when those very mortgages were ill-advised and already worthless.

Likewise the former chairman and CEO of Fannie Mae, Franklin D. Raines, stepped down with \$100 million in 2004 in a cloud of investigations, and has the wherewithal and gall to be a top economic

advisor to Democratic nominee Senator Obama. Tripp reminds us that von Mises warned of the many ways socialist thinking hides its goals, as both parties seem to subscribe to the view that housing prices always go up and mortgage rates always seem cheap at any cost -- \$700 billion into the taxpayer debt column notwithstanding.

Tripp also reminds us of Bertrand de Jouvenel's *The Ethics of Redistribution*, that the more security we seek, the less liberty we have. Today's assumption is that the government must nationalize anything in trouble, apparently the whole mortgage and financial systems, using the logic of the square wheel. In the words of that famous philosopher, Dr. Phil, "how's that working for ya?"

Donna Wiesner Keene is a senior fellow at the Independent Women's Forum and served in the Reagan, Bush and Bush Administrations at the U.S. Department of Education. Tripp's book is available [here](#).

**E-mail the
Editor**

Government Not Market Failed

by Dr. Mark W. Hendrickson

Issue 117 - October 8, 2008

It's finger-pointing time, folks. Whose fault is the ongoing financial crack-up that has hurt, angered, and frightened so many people? There is plenty of blame to go around, and the American people deserve to know the culprits. Simple justice, though, demands that the innocent not be condemned with the guilty. Already there is one innocent that has been unfairly maligned as a cause of the debacle—the free market.



The current crisis began with a real-estate bubble that morphed into a financial house of cards. The real-estate bubble was generated by the expansionary credit policy of the Federal Reserve System. The Fed, having been created by Congress to act as Uncle Sam's banking agent, and the Fed's policies, are emphatically not free-market phenomena.

Neither are Fannie Mae and Freddie Mac. Congress gave Fannie and Freddie a privileged status that had these effects: first, enriching their top executives along with key congressional allies (time for some ethics hearings on Capitol Hill!); second, becoming the dominant player in what historically had been a private market for home mortgages; and third, sticking the American taxpayers with hundreds of billions of dollars of bad mortgage debt. Thanks, Uncle Sam.

That having been said, the Wall Street titans that have headlined the financial crisis this year (Bear Stearns, Lehman Brothers, AIG, etc.) were not created by government. However, the problems in the financial industry have resulted from a political failure, namely, improper regulation.

Liberals repeatedly accuse conservatives of being ideologically opposed to regulation. What nonsense! Neither "free markets" nor "deregulation" mean "no rules." On the contrary, they assume the rule of law. What they oppose is excessive, stifling, and costly overregulation. The Latin root of "regulation"—regula—means "rule" and also connotes regularity, that is, predictability and constancy as opposed to arbitrariness and privilege. No market can function without clear rules of the game, and no true defender of free markets is dogmatically "anti-regulation." That would be absurd.

The crisis today isn't due to an absence of regulation, but the presence of mistaken regulation. For example, the Clinton administration, invoking the Community Reinvestment Act, imposed new regulations that penalized lending institutions if they didn't lend "enough" money in low-income neighborhoods, regardless of the credit-worthiness of the borrowers. This regulatory regime undermined the traditional, market-based practice of risk-assessment that is the primary fiduciary duty of lending institutions. Regulators forced lenders to abandon financial prudence in subservience to a political goal, and then compounded the risk by allowing the proliferation of zero-down and no- or low-documentation mortgages. These regulatory blunders have come back to haunt us. They are responsible for the current wave of mortgage defaults and foreclosures, which in turn have torpedoed mortgage-backed securities and the many layers of financial derivatives based on them.

Another instance of regulatory failure occurred in 2005, when Republicans sought to diminish the risk of an eventual collapse of Fannie and Freddie by imposing stricter capital standards on them. That attempt was blocked on a party-line vote by Democrats.

What kind of rules does a market economy need to function well? In a society of free people, the primary rule is that one person's freedom ends when it intrudes on another person's rights. Thus, the right of free speech doesn't include the right to yell "Fire!" in a crowded theater. Similarly, we

have a right to seek profit, but not if our actions would wreck the entire financial system and ruin others.

We need rules against dangerous excesses -- things like giant investment banks leveraging shaky debt instruments by a factor of over 30-to-1 or creating hundreds of trillions of dollars' worth of financial derivatives. In 1998, the firm Long Term Capital Management (LTCM) shook the foundations of our financial system when its \$1 trillion portfolio of derivatives started to implode. That was our warning that we needed rules to protect innocent people from the fallout of a financial nuclear explosion. Sadly, we didn't heed that warning. Firms far larger than LTCM have created over \$100 trillion in derivatives, threatening the viability of our country's financial structure. Why was this permitted?

We face a financial cataclysm, not because of market failure, but due to political failure. Government interference with free markets, combined with government's failure to perform its primary function of protecting the people, have brought us to the brink. In the desperate attempt to postpone the day of reckoning, the only solutions being proposed are additional government interventions, even partial nationalizations, and less reliance on markets. When things continue to worsen, please, just don't blame "free markets." They no longer exist.

Dr. Mark W. Hendrickson is a faculty member, economist, and contributing scholar with the Center for Vision & Values at Grove City College.

**E-mail the
Editor**

Free Medicine Works

by John Goodman

Issue 117 - October 8, 2008

There are two schools of thought about what's wrong with modern medicine:

1. The doctors are at fault.
2. The payment system is at fault.

Strangely, the first camp includes almost all researchers (read: other doctors) who write for medical journals as well as almost everyone in the health policy community. On this view, doctors (unlike lawyers, accountants, engineers, architects, etc.) are creatures of habit, stuck in their own (imperfect) ways of doing things. The public policy problem: how to get doctors to adopt the best practices, learn to use computers, work in teams, adopt safety protocols, etc. in the face of psychological resistance.



John Goodman

The opposing camp consists of yours truly and a handful of others. Our view is that doctors are just like other professionals. They respond to economic incentives. The policy problem: how to change the incentives in the perverse way doctors are paid.

So who is right?

New evidence that it's the payment system, not the doctors, is at fault comes from the field of dermatology. Large numbers of dermatologists are practicing two completely different styles of medicine - one for patients under the traditional payment system and another for cosmetic patients, who pay with their own money in a free-wheeling laissez faire marketplace. The same doctors have different appointment systems, different waiting rooms, different treatment rooms, etc. - depending on who is paying the bill.

According to a *New York Times* investigative [piece](#), patients who are seeking treatment for acne or psoriasis go straight into voice mail at one doctor's office. But a full-time staffer fields calls on a dedicated line for patients seeking Botox treatments. The waiting room for cosmetic patients is "luxurious, with soft music and flowers." For medical patients, the facility is more spartan. A cosmetic patient may find the examination table covered with a sheet, rather than a paper liner. Cosmetic patients are more likely to find valet parking. They are more likely to get a follow up call from a nurse. And, they are more likely to see a real doctor. Increasingly, dermatologists are hiring nurse practitioners and physician assistants to see their medical patients.

One [survey](#) of practices in 11 cities found that patients waited significantly more days for an appointment for a mole examination than for Botox treatment. In some cases, medical patients waited as much as 3 or 4 times as long.

So, what's going on?

In one payment system, third-party-payer bureaucracies decide what activities they will pay for, what they will not pay for, and how much they will pay. In this system, doctors have no freedom to repackage and reprice their services. In the other system, doctors are free to repackage and reprice continuously - making patient-pleasing adjustments and profiting from those adjustments.

Returning to the two schools of thought, both want to change the payment system. But the approaches are radically different. One wants to control doctors. The other wants to liberate them.

1. People in the first camp want to figure out how medicine should be practiced and then pay doctors only if they do it the right way.

2. People in the second camp want to free doctors to make continuous improvements and financially benefit from those improvements.

John Goodman is President of the National Center for Policy Analysis

**E-mail the
Editor**

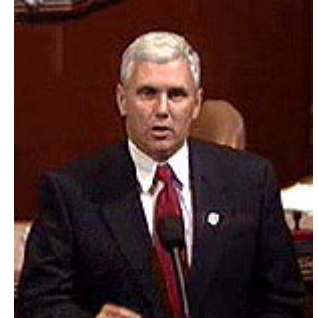
Immigration Vote Miscounted

by Mike Pence

Issue 117 - October 8, 2008

As Members of Congress, we do a lot of things in the House of Representatives – we attend hearings, we help constituents with various problems, we conduct oversight, we debate the pressing issues of the day, but the most important thing we do is vote on behalf of the people we were elected to serve.

This Select Committee was charged with the solemn duty of investigating what happened on the night of August 2, 2007, when a vote on the Republican motion to recommit the Agriculture Appropriations bill went awry. The vote was controversial; it would have amended the bill to deny taxpayer-funded benefits from being received by illegal immigrants. The vote was close. And, as this Select Committee found, the Republicans were right, the vote was wrong.



Congressman
Mike Pence

The report that we are about to adopt states:

There may be a disagreement about what should be the final vote tally, but one fact is indisputable: **the vote tally of 212 yeas and 216 nays that was finally announced is incorrect.** It is either 215 yeas and 213 nays, which would have reflected the tally at the time the Chair prematurely announced the statement of result, or 211 yeas and 217 nays, which would have reflected the tally had Mr. Boehner's well card been processed.

The report goes on to find that when the Speaker pro tempore, Rep. Mike McNulty, called the vote for a second time at 214-214 – when the actual vote tally was 215-213 according to the Electronic Voting System and all votes cast at that time – that it would have been just as reasonable for him to stop right there and re-announce the vote with the then correct tally of 215-213 as what he did, which was hold the vote open. If he had followed this parliamentary route, the Republicans would have won the vote.

He did not, however, and the vote was held open for approximately seven additional minutes. At the end of that time, the vote total was announced as 212-216, with the Republicans losing. During the time the vote was held open, the Republican Leader submitted a well card to change his vote, but this vote change was not processed by the professional staff on the rostrum. For a Member of Congress not to have a cast vote counted correctly is a very serious matter, and it will forever be a black mark on the 110th Congress.

In testimony received by this Select Committee, we heard from numerous witnesses that they had never seen a vote closed without a tally slip. The tally slip, of course, is the piece of paper containing the final vote tally that is passed from the tally clerks to the Parliamentarian to the Presiding Officer for announcement. It is the confirmation that all votes have been properly input and recorded in the Electronic Voting System.

Mr. McNulty did not use a tally slip in calling Roll Call 814. This is the first documented instance in recent history of the House of this happening. The failure to use a tally slip caused not only great confusion and chaos in the House, but also an inaccurate result to be announced.

Clearly this vote was wrong. It was incorrect in its final tally. It could have been called at 215-213. No tally slip was used. And, adding to all of this was the Majority Leader and his actions during the vote.

The Majority Leader acknowledged yelling at Mr. McNulty and others on the rostrum to shut down the vote after the Speaker voted and caused the tally to reach 214-214. He acknowledged directing his anger to the Parliamentarian, saying "We control this House, not the Parliamentarians," when he

mistakenly thought the Parliamentarians had advised Mr. McNulty to hold the vote open rather than call it in the Democrats' favor.

There is nothing wrong with any Majority Leader seeking to have a vote closed when his side is winning. But there is a line that must not be crossed. In his testimony, the Majority Leader admitted that it was "certainly possible" that he helped to create an atmosphere where Mr. McNulty felt pressure to close the vote sooner than he might have otherwise. While Mr. McNulty denied hearing the Majority Leader or feeling pressure, others on the rostrum heard and felt it. It added to the confusion of the night and was unfortunate.

Anger reigned on the House floor on August 2nd. Mr. Hoyer was angry, and Republicans were angry. In fact, they walked-out. In my opinion, with our finding today that the vote was incorrect and that it could have been called at 215-213, that anger was justified.

But the House floor should not be a place where anger reigns. And, we have come together with a series of recommendations that I believe, if followed by whichever party is in the Majority when the gavel falls next January, will prevent another night like August 2nd and another vote like Roll Call 814.

In our report we recommend the removal of the new sentence in clause 2(a) of rule XX of the House Rules. This sentence is the one that the new Majority added to the rules in January 2007 to prevent a vote from being held open for the "sole purpose of reversing the outcome of such vote." Republicans never agreed with the addition of this sentence to the House Rules, and I am pleased that my Democrat colleagues have found agreement with us on this point. As we have said since the beginning of this Congress, the sentence is unworkable and very difficult to enforce. The Select Committee's investigation actually showed that it caused new problems without solving the old ones.

We also recommend that the Speaker include in the Speaker's opening day announcement regarding voting in the House a statement that the Speaker expects all Presiding Officers to wait on certification from the clerks that the tally is accurate before announcing the result of a vote. This means that a tally slip will have to be used to call a vote. We never should have another vote called without a tally slip. Ever. And if this recommendation is followed, we will prevent future votes from being called incorrectly.

There are other very good recommendations that I am pleased we could agree on, such as increased training for Members of the House, especially those presiding in the Chair. Ultimately, the integrity of the House of Representatives is completely dependent on the integrity of each vote that takes place on the floor of the Congress. Adherence to our recommendations will prevent the integrity of the House of Representatives from being challenged again.

We cannot restore Roll Call 814, but we can restore what has been taken – the fundamental respect for the independence, fairness and integrity of the House of Representatives. By acknowledging what happened that evening, and embracing our recommended reforms, this Congress can learn from the lessons of August 2nd, move beyond that dark moment and restore the confidence of the American people that this is not a Democratic House, this is not a Republican House, this is the People's House and their will is worked every time a vote is called.

Mike Pence is a Congressman from Indiana's 6th District.

**E-mail the
Editor**

No Better Than Bacteria

by S.T. Karnick

Issue 117 - October 9, 2008

As befits one of the most interesting, intelligent, and engaging series on television (admittedly not a great mountain to climb), the season (actually midseason) finale of [the TNT show *The Closer*](#) is about as politically incorrect as possible.

In the final episode, the police team headed up by Deputy Police Chief Brenda Leigh Johnson (Kyra Sedgwick), has had its name and mission changed from Priority Homicide to Major Crimes, the result of a biased (though basically accurate) news story in the *Los Angeles Times* by a politically motivated investigative reporter.

That's both realistic (police departments are commonly subjected to all sorts of politically motivated directives and are full of politics themselves) and rather refreshing in that the reporter is at once politically left of center, openly engages in advocacy journalism and ethnic and cultural posturing, and is nakedly ambitious. For once the crusading journalist is not a sterling hero of unalloyed beneficent intentions but is in fact rather like a real person with complex motives and, as is true of many if not most political crusaders, a good deal more to dislike than to admire.

If that were all the episode accomplished (following as it does on a theme prevalent in the entire season's episodes), it would be noteworthy, but there's more.

Most surprisingly, the villains of the story are young men influenced by the Columbine killings, with the new angle being that they are driven by fanatical attachment to anti-human beliefs derived from Darwinism and radical environmentalism. These precocious and deluded high-schoolers are attempting to carry out a spectacular mass murder that will take the failed plans of the Columbine killers to a new level and kill many more people than the perpetrators of that crime managed.

The boys all sport tattoos of two E's, signifying their common cause: Evolution's End. Their belief, articulated by one of them during questioning by Johnson and one of her lieutenants, is that all of humankind is a pox on the earth, a foul disease that must be exterminated if the world is to survive.

What is perhaps most remarkable is that the character who articulates these thoughts almost directly quotes a notorious diatribe by University of Texas professor Eric Pianka given when accepting the Texas Academy of Science's 2006 Distinguished Texas Scientist award. Pianka described human beings as a "scourge" on the Earth, said "We need to sterilize everybody on the Earth" (which elicited sympathetic laughter from the audience of scientists), and exclaimed, "We're no better than bacterial!"

Pianka went on to say, [according to Forrest Mims](#), chairman of the academy's Environmental Science Section, "AIDS is not an efficient killer, [Pianka] explained, because it is too slow. His favorite candidate for eliminating 90 percent of the world's population is airborne Ebola (Ebola Reston), because it is both highly lethal and it kills in days, instead of years."

This outburst could be dismissed as the ravings of a fanatic if not for two things. One, Pianka's statement echoed countless others by radical environmentalists and eco-terrorists making exactly the same point and often using the very same words and analogies. Two, in a truly chilling demonstration of the widespread acceptance of such radical, anti-human notions, the scientists, professors, and students gathered to honor Dr. Pianka gave him a standing ovation after this mad manifesto strongly reminiscent of ravings in [Industrial Society and Its Future](#), by the "Unabomber" terrorist, Theodore Kaczynski.

Mims describes the scene as follows, [quoted in *Environment and Climate News*](#):

"There was a gravely disturbing side to that otherwise scientifically significant meeting, for I watched in amazement as a few hundred members of the Texas Academy of Science rose to their feet and gave a standing ovation to a speech that enthusiastically advocated the elimination of 90 percent of Earth's population by airborne Ebola."

The ovation was nearly unanimous, Mims notes. "Almost every scientist, professor, and college student present stood to their feet and vigorously applauded the man who had enthusiastically endorsed the elimination of 90 percent of the human population," Mims wrote. "Some even cheered. Dozens then mobbed the professor at the lectern to extend greetings and ask questions."

Mims is quoted as worrying about the possibility that "a Pianka-worshipping former student might someday become a professional biologist or physician with access to the most deadly strains of viruses and bacteria?"

That is the kind of scenario this evocative episode of *The Closer* considers so honestly and provocatively—and, one might say, given the ruthless suppression of dissent practiced by the modern environmental movement—rather courageously.

S.T. Karnick is editor of The American Culture

**E-mail the
Editor**

A New Ice Age?

by Alan Caruba

Issue 117 - October 9, 2008

There's a wonderful irony in the fact that, back in the 1970s, the Greens were issuing warnings and even writing books about the coming Ice Age. They would abandon this issue, based in well-known and accepted solar science, in favor of a vast international hoax alleging man-made global warming.

As the global warming hoax begins to lose its power to influence public opinion and policy, the Greens are not likely to be heeded for a long time to come because they were right about an Ice Age and lying through their teeth about global warming.



Alan Caruba

Scientists and laymen who follow the Ice Age cycles have been warning that, if not a full-fledged Ice Age, at the very least a Little Ice Age comparable to one that lasted from 1300 to around 1850 is on its way

Amidst all the media coverage of Hurricane Gustav and the Republican Convention, a report in DailyTech.com was not likely to get much attention, but it forecast a very cold world in the years to come. The Earth has already started to cool and scientists date the change from 1998.

Headlined, "Drop in solar activity has potential effect for climate on Earth", the news is that, for the first time in 100 years, "an entire month has passed without a single visible sunspot being noted." The author, Michael Asher, noted that "The event is significant as many climatologists now believe solar magnetic activity—which determines the number of sunspots—is an influencing factor for climate on Earth."

My friend, Robert W. Felix, wrote an excellent book on this titled "Not by Fire, but by Ice" (\$15.00, Sugarhouse Publishing, softcover, second edition) which can be purchased from his website at IceAgeNow.com.

"We're beginning to realize that Earth is a violent and dangerous place to live," wrote Felix. "We're beginning to realize that mass extinctions have been the rule, rather than the exception, for the 3.5 billion years that life has existed on Earth."

Felix has a new book soon to be published that addresses magnetic reversals, another cyclical factor affecting life on Earth. "During the last 4.5 million years, at least six out of nine radiolarian extinctions occurred at magnetic reversals." They appear to be a factor in the sudden emergence of new species so Darwin's theory is likely to be reexamined.

As the DailyTech report notes, "In the past 1000 years, three previous such events, the Dalton, Maunder, and Sporer Minimums," of reduced sunspot activity, "have all led to rapid cooling," adding that, "For a society dependent on agriculture, cold is more damaging than heat. The growing season shortens, yields drop, and the occurrence of crop-destroying frosts increases."

An article by William Livingston and Matthew Penn of the National Solar Observatory in Tucson, Arizona, "Sunspots May Vanish by 2015", predicts that sunspots will disappear completely. "Such an event would not be unprecedented, since during a famous episode from 1645-1715, known as the Maunder Minimum..." That solar cycle "was shown to correspond with the reduced average global temperatures on the Earth." In other words, it's going to get COLD.

The Little Ice Age had an effect on history as you might imagine. The French Revolution is attributed to it insofar as the cost of bread rose as wheat crops failed. Riots followed. Similarly, Napoleon's

invasion of Russia met with defeat thanks to a winter that killed thousands of his troops. In America, it was reflected in the travails of Valley Forge.

Over at IceAgeNow.com, Felix posts the latest news from around the world that tells of anomalous events ranging from freak early snow storms to expanding glaciers. Soon enough, those living in the northern hemisphere will become more aware as winters lengthen and become more severe. After that, the scenarios grow quite serious.

Even the venerable Old Farmers Almanac is making news these days forecasting a far cooler winter and suggesting that the Earth is already in a cooling cycle.

No doubt some diehard Greens like Al Gore will continue to spout nonsense that the cold weather is due to global warming, but it has to do with the Sun that's gone quiet. It's not myth. It's reality.

Alan Caruba writes a weekly column posted on the Internet site of The National Anxiety Center, www.anxietycenter.com. He blogs daily at <http://factsnotfantasy.blogspot.com>.

**E-mail the
Editor**

Ethanol Pollution

by Dennis Avery

Issue 117 - October 9, 2008

Barack Obama and John McCain have sharply different visions of ethanol in the nation's future. Obama wants more ethanol, while McCain thinks we should probably have less. Both say man-made global warming is a serious threat, and both say they want the best for the nation's farmers.

At the gas pump, Consumer Reports in 2006 found it cost the customer 37 percent more to run a flex-fuel SUV with an 85 percent ethanol fuel blend. The ethanol was more expensive than gasoline and delivers 35 percent less energy per gallon.

Worse, *Science* has recently published studies from Princeton and the University of Minnesota that found clearing more forest or grasslands for biofuel crops releases huge amounts of the carbon stored naturally in native soils. The study from Princeton University found "corn based ethanol . . . nearly doubles greenhouse emissions over 30 years and increases greenhouse gases for 167 years." Anyone who's visited corn country in the past two years knows that every scrap of potential corn land has been planted, and the farmers are sharpening their chainsaws to clear the woodlot in the corner of the farm.

If more corn ethanol means higher fuel costs and more American forests cleared for corn, will an expanded ethanol mandate produce a popular backlash against both ethanol and corn farmers? The EU is already proposing to cut its newly installed biofuel mandates from 10 percent of transport fuel in 2020 to 6 percent.

Not to mention that all biofuels will essentially have to be grown on "converted" cropland—because global food and feed demand will double over the next 40 years. We've got to feed the last surge of population growth, and another surge of poor people getting rich enough to demand chicken, ice cream and pet food.

Barack Obama says we not only need more ethanol, we need it produced by farmer-owned cooperatives in the small towns and cities across the Corn Belt. He'd require the oil companies to slash the carbon emissions of their fuels by 20 percent by 2020—prodding not only more ethanol consumption, but also higher corn and ethanol prices.

Farmers themselves are split right down the middle. Corn farmers love the ethanol mandates. However, many ethanol plants are currently shut because they've driven up corn prices beyond the processors' profit margin. Livestock and poultry producers warn that meat, milk and eggs are likely to become Sunday-only luxury foods again, as they were during the Great Depression.

McCain would eliminate the federal mandates, letting corn farmers compete without much risk of serious food price inflation.

One other danger for the farmers: Obama says he wants lots of small-city ethanol plants owned by the farmers, encouraged by his low-carbon fuel mandate. He'd offer tax credits. But, at the same time, he'd subsidize the development of cellulosic ethanol. If that's successful, the cellulose would then compete with corn. Switchgrass and wood chips would be grown in drier regions, on cheaper land that can't grow corn. That could threaten bankruptcy for the very corn ethanol plants encouraged by the Obama tax credits.

Of course, during the next President's term, the world's temperatures may continue their sharp decline of the past 18 months. The falling temperatures were not predicted by the global climate models, but have been predicted by the sunspot index since 2000. With falling temperatures, the



Dennis T. Avery

ethanol question may quickly fade from public concern as we burn coal, oil, gas and nuclear fuels instead.

DENNIS T. AVERY is a senior fellow for the Hudson Institute in Washington, DC and is the Director for the Center for Global Food Issues. (www.cgfi.org) He was formerly a senior analyst for the Department of State. He is co-author, with S. Fred Singer, of Unstoppable Global Warming Every 1500 Hundred Years

**E-mail the
Editor**

Losing Presidential Strategy

by David Keene

Issue 117 - October 8, 2008

Adam Walinsky made his bones as the late Bobby Kennedy's speechwriter back in the day and remains an astute (if eclectic) observer of national politics today, with friends and admirers in both parties.

A year ago, we met for a drink and he suggested that Republicans might still have a chance to win this time around in spite of everything. "Everything," of course, included Iraq, Katrina, the sense that the GOP has lost its way, and President George W. Bush's abysmal poll ratings.



David Keene

How, I wondered, did he think that possible? The common wisdom at the time — indeed, up until a few weeks ago in wake of the St. Paul Republican National Convention — was that the Democrats would take the presidency (though it wasn't certain at the time with whom), come close to electing a filibuster-proof Senate majority, and pick up 20 or so more House seats.

Walinsky predicted that whomever the Democrats nominated was liable to build his or her campaign on an angry partisan assault on Bush, only to realize way too late that, as he put it, "Bush won't be on the ballot."

Walinsky, as it turned out, was dead right. Democrats decided early that the GOP candidate could be dismissed as just another Bush and assumed that voters would be eager to reject the prospect of what they began calling "Bush's third term." Thus, John McCain in their minds became George W. Bush and they left their convention with a message they were convinced would sell.

Their campaign was designed to pit the champions of change against the agents of a failed status quo. Their nominee seemed to be the personification of that demand for change. Barack Obama went even further, combining ideological and partisan attacks on Bush and his policies with a vague promise that he could simultaneously savage his opponents and move America into some sort of post-partisan era where Democrats, Republicans and everyone else would hug one another and begin solving the world's problems together.

It is always dangerous, however, to act on the assumption that your opponents aren't smart enough to react to a strategy that could lead to their defeat. Meanwhile, the Republicans, or at least those directing the GOP presidential effort, were looking for a way to change the game, the debate and the perceived choices voters would be making in November.

Thus, the GOP convention focused not on the past but on the future. Their candidate's decision to reach down for a talented but obscure Alaskan governor as his running mate changed the public perception of both McCain and the nature of the race. The party of Bush and the status quo morphed almost overnight into a bunch of maverick reformers dedicated to changing everything.

Obama's reaction to all this has been to turn up the volume, redouble the effort to portray McCain as Bush and demand to know how the Republicans think they can get away with picking a vice presidential candidate who not only isn't a member of the club, but hasn't even applied for membership.

The nature of the attacks on Gov. Sarah Palin have undermined the Democrats' desire to be seen as outsiders and in a strange if ironic way turned them into the perceived champions of establishment politics. Meanwhile, the vitriol being spewed forth to convince everyone that John McCain really is George Bush has stripped them of their hoped-for trans-partisan appeal.

The increased stridency of the assault on McCain is hyped daily by Democratic insiders promising even "tougher" attacks in the weeks ahead. The Obama folks are already getting personal, with ads suggesting that McCain shouldn't be president because he isn't as adroit as he should be at the computer keyboard. It's a message aimed at younger voters in the hope that they'll reject McCain as an old, out-of-touch Bushite who can't possibly function in today's world. The problem is that even as they produced the ad, they knew that months ago McCain had explained in an interview that the injuries he suffered in Vietnam make it physically painful for him to sit typing e-mails.

One wonders what attacks lie in wait. This race is far from over, but the Democrats are doing everything Walinsky predicted they would do to lose in November.

David Keene is chairman of the American Conservative Union. This originally appeared in the Washington Examiner.

**E-mail the
Editor**

Change You Can Change

by Lisa De Pasquale

Issue 117 - October 8, 2008

Slate.com recently reported that there have been quite a few position changes on Barack Obama's website. Deleted from his position on Social Security is this sentence: "[Obama] does not believe it is necessary or fair to hardworking seniors to raise the retirement age."



Slate noted, "[F]or those who pay attention to such things, what the new page leaves out is as important as what it puts in." Other changes reported include:

- "On education, now Obama apparently expects those who qualify for college tax credits to join jailbirds picking up trash for 100 hours on the freeway (or whatever else "community service" entails these days). Meanwhile, his position on charter schools has gotten both more pro and more con: Under the section headlined (in bold) "Close Low-Performing Charter Schools," it notes that he wants to double federal funding for them.
- On the rural-issues page, he has removed the mention of pollution from industrial agriculture.
- His technology page sees a drastic edit of his position on Internet privacy. He still wants to "protect the openness of the Internet," just not in such detail.
- On family issues, the detail that Obama "strongly opposed" the 2005 bankruptcy bill has been removed. But there's still a lot of language in there about the "dangerous and sometimes unscrupulous business practices" of the subprime mortgage industry!"

In addition to changing their positions, the Obama website is also encouraging voters to change their precincts. The Hill reported:

"Barack Obama's campaign website is recommending that voters remain registered in battleground states even though they may not be living there on Nov. 4... The Obama voter registration website asks people where they will be living on Election Day and makes a recommendation of whether they should switch their registration upon moving or whether they should remain registered at their old address and vote via absentee ballot."

Since states have different deadlines for registering and submitting absentee ballots, it's likely that there will be many more provisional ballots in the 2008 election. Provisional ballots are cast by those who aren't listed as a registered voter for a particular precinct. In his updated version of *Stealing Elections: How Voter Fraud Threatens Our Democracy*, John Fund noted that in 2004, nearly 2 million people submitted provisional votes and about 64.5% of them were counted.

Fund wrote:

"[P]rovisional ballots remain one of the most likely issues to spur lawsuits in the next election. ...

A tug of war over provisional ballots may be inevitable in key states where the margin of victory is no greater than the number of provisional ballots cast. Both campaigns would once again send squadrons of lawyers to any closely contested state to watch and argue as every single provisional ballot in every election jurisdiction in the state is reviewed and determination is made by local election officials as to whether it should be counted. Results could once again be delayed for weeks if not months after Election Day."

At a recent meeting for conservative bloggers, Fund said that the Obama campaign has more than 9,000 lawyers at their disposal for this purpose. The McCain campaign has about 5,000 lawyers.

At a campaign stop in Springfield, Mo., Obama told the crowd, "So one of the things that we've got to do is not just change the health-care system, but we've also got to change our political system. And that's why I don't take PAC money. I don't take money from federal registered lobbyists, because I want to answer to you when I'm in the White House. I don't want to answer to all these fat-cat lobbyists!"

Matthew Cooper of Portfolio magazine reported:

"The campaign has no problem accepting money from the spouses of Washington lobbyists. A database search conducted for this column by the nonpartisan Center for Responsive Politics, which tracks campaign-finance issues, found that more than 20 spouses of prominent Washington lobbyists have donated to the Obama campaign, including the wives of Dan Glickman, the head of the Motion Picture Association of America; Norman Brownstein, a prominent Denver-based lawyer who has lobbied for Oracle, Toshiba, and Comcast; and Stuart Pape of Patton Boggs, Washington's foremost lobbying firm, who has lobbied for Bristol-Meyers Squibb, Pfizer, and the Smokeless Tobacco Council.

The campaign accepts money from lobbyists registered in state capitals. It accepts money from partners at law firms that engage in lobbying. It accepts money from the C.E.O.'s, chairs, and officers of corporations, but not their lobbyists... Aren't such policies a little inconsistent with the ban? 'Maybe,' said the senior Obama official. 'But it's important symbolism.'"

Miss De Pasquale is CPAC director at the American Conservative Union. The Conservative Political Action Conference (CPAC) is the nation's largest annual gathering of conservatives.

**E-mail the
Editor**

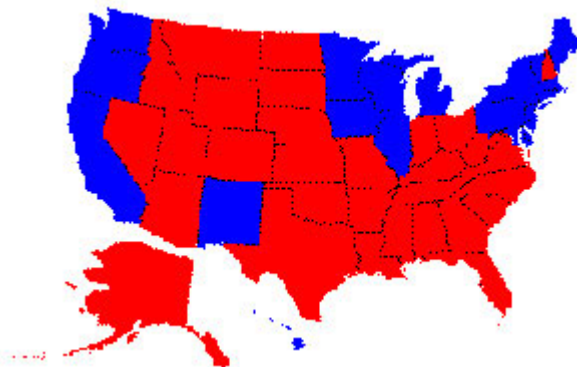
Democratic Surge?

by Scott Rasmussen

Issue 117 - October 8, 2008

The Rasmussen Reports daily Presidential Tracking Poll for Monday shows Barack Obama attracting 52% of the vote while John McCain earns 44%. This is the highest level of support ever recorded for Obama and is his largest lead of the year.

It also continues a remarkable twenty-five days in a row where the Democrat's support has never declined by even a single point. The Democratic candidate has gained six full percentage points of support since Lehman Brothers collapsed to start the Wall Street mess ([see trends](#)).



The [Rasmussen Consumer Index](#), a daily measure of economic confidence, shows that both consumer and investor confidence has dipped slightly since Congress passed the [financial](#) bailout bill on Friday. If people could vote on whether to keep or replace the entire Congress, just 17% would vote to keep them and [59% would replace the entire Congress and start over again](#).

As for the Presidential race, Obama now leads by two points among men. That's the first time he has led among men all year and he also enjoys a fourteen point advantage among women. Obama attracts 12% of [Republican](#) voters and leads by eleven among those not affiliated with either major political party. McCain gets the vote from 11% of Democrats (see other [recent demographic highlights](#)).

It is worth noting that [Obama's lead is now bigger than any lead enjoyed at any point by either candidate in Election 2004](#).

Obama is viewed favorably by 56% of voters, McCain by 53% (see [trends](#)). [Rasmussen Markets](#) data shows Obama is given a [65.8%](#) chance of winning in November (see market expectations for [key states](#)).

The Rasmussen Reports [Balance of Power Calculator](#) shows Obama leading in states with 217 Electoral College votes while McCain has the edge in states with 174 votes. When "leaners" are included, Obama leads 264-185 (see [Quick Campaign Overview](#)). There are currently six states in the Toss-Up category— Colorado, Florida, North Carolina, Nevada, Ohio, and Virginia. If Obama were to win all the states that are currently leaning in his direction, he would need to win only one of those six toss-up states to become the nation's next President.

Scott Rasmussen, president of Rasmussen Reports, has been an independent pollster for more than a decade. Rasmussen Reports is an electronic publishing firm specializing in the collection, publication, and distribution of public opinion polling information. The Rasmussen Reports ElectionEdge Premium Service for Election 2008 offers the most comprehensive public opinion coverage ever provided for a Presidential election.

**E-mail the
Editor**

My Dear American Friend

Issue 117 - October 8, 2008

MY DEAR AMERICAN FRIEND:

I AM NEEDING TO ASK YOU TO SUPPORT AN URGENT SECRET BUSINESS RELATIONSHIP WITH A TRANSFER OF FUNDS OF GREAT MAGNITUDE.

I AM MINISTRY OF THE TREASURY OF THE REPUBLIC OF AMERICA. MY COUNTRY HAS HAD CRISIS THAT HAS CAUSED NEED FOR LARGE TRANSFER OF FUNDS OF 700 BILLION OF YOUR DOLLARS (US). IF YOU WOULD ASSIST ME IN THIS TRANSFER IT WOULD BE MOST PROFITABLE TO YOU.

I AM WORKING WITH HIGHLY REPUTABLE MR. PHIL GRAM, LOBBYIST FOR UBS, WHO WILL BE MY REPLACEMENT AS MINISTRY OF THE TREASURY IN JANUARY IF MY POLITICAL PARTY WINS UPCOMING ELECTION, WHICH WE CERTAINLY WILL BECAUSE WE ARE IN CONTROLLING OF THE HIGHEST SUPREME COURT. YOU MAY REMEMBER HIM AS A SENATOR AS LEADER OF THE AMERICAN BANKING DEREGULATION MOVEMENT IN THE 1990S.

I AM ALSO WORKING WITH HIGHLY REPUTABLE MR. BARNEY FRANK, MEMBER OF CONGRESS FROM PEOPLE'S REPUBLIC OF MASSACHUSETTS, WHO WILL BE MY REPLACEMENT AS MINISTRY OF THE TREASURY IN JANUARY IF OTHER POLITICAL PARTY, LED BY MR. BARACK OBAMA, WIN UPCOMING ELECTION, WHICH HE CERTAINLY WILL BECAUSE HE IS IN CONTROLLING OF VOTING IN ILLINOIS, OHIO, FLORIDA, AND MANY OTHER STATES. MR. BARNEY FRANK IS VERY KNOWLEDGEABLE ABOUT FINANCIAL TRANSACTIONS OF ALL KINDS, FROM WHOREHOUSE ADMINISTRATION TO HOME LOAN BUSINESS, AND FAITHFULLY TEACHES PRECEPTS OF MR. BARACK OBAMA ("FROM TINY A.C.O.R.N. GROWS GIANT FORECLOSURE OAK!").

THIS TRANSACTIN IS 100% SAFE. YOU MUST TRUST ME COMPLETELY AND NOT ASK QUESTIONS ABOUT THE TRANSACTION. YOU HAVE MY WORD NO ONE WILL DO ANYTHING WRONG WITH THE MONEY.

THIS IS A MATTER OF GREAT URGENCY. WE NEED YOUR BLANK CHECK. WE NEED THE FUNDS AS QUICKLY AS POSSIBLE. WE CANNOT DIRECTLY TRANSFER THESE FUNDS IN THE NAMES OF OUR CLOSE FRIENDS BECAUSE WE ARE CONSTANTLY UNDER SURVEILLANCE. MY FAMILY LAWYER ADVISED ME THAT I SHOULD LOOK FOR A RELIABLE AND TRUSTWORTH PERSONAGE WHO WILL ACT AS A NEXT OF KIN SO THE FUNDS CAN BE TRANSFERRED.

YOU ARE THAT PERSONAGE.

PLEASE REPLY WITH ALL OF YOUR BANK ACCOUNT, IRA AND COLLEGE FUND ACCOUNT NUMBERS AND THOSE OF YOUR CHILDREN, GRANDCHILDREN AND THOSE YET UNBORN TO WALLSTREETBAILOUT@ TREASURY. GOV SO THAT WE MAY TRANSFER YOUR COMMISSION FOR THIS TRANSACTION.

AFTER I RECEIVE THIS INFORMATION I WILL RESPOND WITH DETAILED INFORMATION ABOUT SAFEGUARDS WE PROMISE WILL BE USED TO PROTECT THE FUNDS AND PRODUCE A LONG-TERM RETURN ON INVESTMENT FOR YOU AND THOSE YOU LOVE.

YOURS FAITHFULLY

MINISTER OF TREASURY H. PAULSON

P.S.: YOU CAN REALLY TRUST ME. LOOK AT DOLLAR BILL. MY SIGNATURE IS ON THE MONEY.

With thanks to Joseph Morris of Chicago.

**E-mail the
Editor**

Left Activists Force Bad Loans

by George Nesterczuk

Issue 117 - October 8, 2008

Probably the dominant source of the current financial debacle is not some market failure as alleged by many on both left and right but by lending practices targeting the "disadvantaged" instituted by the Carter Administration through the Community Reinvestment Act (CRA) of 1977 and toughened up on implementation by the Clinton Administration.

An article in City Journal (http://www.city-journal.org/html/10_1_the_trillion_dollar.html) about the "complaint" mechanism put in place by Clinton, explains why banks would rather make stupid loans to "minorities" than risking endless, losing litigation



There is no more important player in the CRA-inspired mortgage industry than the Boston-based Neighborhood Assistance Corporation of America. Chief executive Bruce Marks has set out to become the Wal-Mart of home mortgages for lower-income households. Using churches and radio advertising to reach borrowers, he has made NACA a brand name nationwide, with offices in 21 states, and he plans to double that number within a year. With "delegated underwriting authority" from the banks, NACA itself (not the banks) determines whether a mortgage applicant is qualified, and it closes sales right in its own offices. It expects to close 5,000 mortgages next year, earning a \$2,000 origination fee on each. Its annual budget exceeds \$10 million.

Marks, a Scarsdale native, NYU MBA, and former Federal Reserve employee, unabashedly calls himself a "bank terrorist" (his public relations spokesman laughingly refers to him as "the shark, the predator," and the NACA newspaper is named the Avenger). They're not kidding: bankers so fear the tactically brilliant Marks for his ability to disrupt annual meetings and even target bank executives' homes that they often call him to make deals before they announce any plans that will put them in CRA's crosshairs. A \$3 billion loan commitment by Nationsbank, for instance, well in advance of its announced merger with Bank of America, "was a preventive strike," says one NACA spokesman.

Marks is unhesitatingly candid about his intent to use NACA to promote an activist, left-wing political agenda. NACA loan applicants must attend a workshop that celebrates (to the accompaniment of gospel music) the protests that have helped the group win its bank lending agreements. If applicants do buy a home through NACA, they must pledge to assist the organization in five "actions" annually, anything from making phone calls to full-scale "mobilizations" against target banks, "mau-mauing" them, as sixties' radicals used to call it. "NACA believes in aggressive grassroots advocacy," says its Homebuyer's Workbook.

The Clinton Plan to use the private sector to underwrite a monstrously expensive and incredibly ill-conceived social engineering program was very clever indeed. One key player was Franklin Raines, who went from OMB Director under Bill Clinton (1997) to Chairman of Fannie Mae in 1999. While at OMB he participated in the financial bailout of the District of Columbia that left the taxpayer with billions of dollars of additional expenses and liabilities. He raided the DC Retirement System of all its assets (cash, stocks, bonds and real estate holdings) valued at \$3.8 B and converted it to the unfunded system enjoyed by all federal employees today. The retirement money was used to fund a number of pet projects that the Clintons could not find money for in the Federal budget including the "100,000 new teachers initiative" that never got traction anyway. I was at the House Civil Service Subcommittee at the time and we were directly involved in trying to block (unsuccessfully) the pension raid.

Franklin Raines played a key role in growing the current subprime mortgage problem during his tenure at Fannie Mae and is not in jail today because he was willing to pony up \$25M in fines when he was fired from Fannie Mae in the midst of a multi-billion dollar accounting scandal. His Robin

Hood ways finally caught up with him. One can only imagine where Hillary would have taken us had she prevailed in her quest for the White House.

Barak Obama however is no piker in this arena either. The organization he worked for as a "community organizer" is ACORN. ACORN has been in the middle of promoting and implementing CRA from the beginning. I suspect that one of the "organizer" responsibilities was to make sure his communities were aware of their rights under CRA.

George Nesterchuk was chief staffer at the House Civil Service Subcommittee.

**E-mail the
Editor**

Reader Comments

Issue 117 - October 8, 2008

Editor: Bravo for your "The Palin Hope." The following quote from it is one of the best, most succinct, paragraphs I have read in a very long time to explain what the Bush administration has done to the nation: "Let us be very frank. National government non-defense spending has hemorrhaged to historic highs during the last seven years under George W. Bush and Republican Congresses. Spending increased by an all-time modern high of 25 percent over his first term and an additional 14 percent so far the second, vastly exceeding any period since Lyndon Johnson's Great Society – before the bailouts and plus adding the largest new entitlement since Goldwater's opponent, in the form of Medicare prescription drugs. As far as regulation is concerned, the last year of the Carter Administration produced 73,258 pages of regulation, which Reagan cut back to 50,616 pages. By the end of the Clinton years, the number of pages was back up to 64,438. But the Bush Administration ended 2007 with 72,090 pages – almost back to where Reagan began. And now we have a whole new regulatory scheme where Federal bureaucrats will decide subjectively which loans are "bad" and how much each banker will be paid for them. Stay tuned for the abuses and favoritism." Alan Caruba

Editor: Excellent article on Gov. Palin. Good Work. William G. Read, Captain USN (ret)

Editor: Well done. "The Palin Hope" is really a terrific article that gave me hope that Sarah Palin is a true, principled conservative in the mold of Ronald Reagan. It is a good read. I commend it to all. Bruce Eberle

Editor: Unfortunately, the "small government" philosophy wished for in "The Palin Hope" is outdated and more spending is the order of the day. The rejection of that philosophy was first enthusiastically enunciated by a major Republican operator—chairman of its party and a White House counselor under George W. Bush-- named Ed Gillespie in the Manchester Union Leader about 6 years ago. Apparently Republicans, rather than enunciating the evils of big government that has led to our current financial crisis, decided that it's easier to join 'em rather than fight, especially now when others are inaugurating a give-away derby. Al, Lemon Grove

Editor: Re "The Palin Hope," hope is a theological virtue. Chris Manion

Editor: "The Palin Hope" is a wonderful article! Yes, I too, believe Governor Palin is what we need the next four years in Washington. My only hope and prayer is that many in America get their head out of the sand and stand up for what is right and give Governor Palin the opportunity to prove what she has already proven and done for Alaska. We need to bring back the Republicans to the Senate and Congress and boot the Liberal Democrats out of office. Yes, they have been wasteful and negative since taking over the Senate and Congress. Why don't we cut their pay checks in half! How about NO pay checks! M

Editor: Thanks for "The Palin Hope." Perfect. Mark Crane

Editor: Regarding "The Palin Hope," did you notice how the audience was inspired when Gov. Palin spoke? She is well able to be Vice President. It is uplifting to see her in action, and we will shed the gloom we are experiencing when she is Vice President. Nanny Lyles

Editor: Nice article on Gov. Palin. I agree fully. S.T. Karnick

Editor: Thank you very much for "The Palin Hope" article! It was well-written, using facts rather than the fiction (lies) we hear and read from the Democrat campaign. Please continue to keep us informed and encouraged. Nancy Hammett

Editor: Regarding Mike Pence's "Stop Bailout Plan," I oppose the proposed bailout plan because our system was designed to reward success and punish failure. Wall Street and the investment world is a crap shoot. Our banking system is the most regulated business in the world. The Comptroller of the Currency was not doing what it was supposed to be doing and the job for which it was created, The Community Reinvestment Act was a loophole to disaster. It was the vehicle that was abused in the name of equality. Common sense was eliminated in the matter of evaluating credit worth. Technology replaced experience and the wisdom required to make rational decisions. I spent 50 years in the system. I managed all fields. Unsecured and secured lending, auto finance, credit card and mortgages,.. I understand how it works in practical terms. I worked the streets, the front and back room operations and trained lenders in their trade. The liabilities that were bundled and sold should all be returned to those lenders of origin. They should have the job of working out terms with those who have failed to meet their obligations. No way the taxpayers should be burdened with bailing out unwise imprudent lending practices. Tom Leeson

Editor: All I can say about Mike Pence's "Stop Bailout Plan" is AMEN! Kenny Hopkins

Editor: Congressman Pence's "Stop Bailout Plan" makes sense. I listened for several hours yesterday to the testimony by Paulson, Bernanke, Cox et al. Secretary Paulson could not or would not explain how he would arrive at the price to pay for any of the bad mortgages he wants to buy with \$700B of taxpayer money. Fed Chairman Bernanke at least was straightforward enough to admit it would be higher than the "fire sale" price and approach the "hold to maturity" price (which would reward incompetent and corrupt managers of banks, and those who bought their bad paper). In sum, the bailout would be the final capitulation of free enterprise to the collectivist central planning socialism. Congressman Pence's approach is more sensible. It may not be bold enough, however. Rather than indexing, I like Newt Gingrich's idea of abolishing the capital gain tax altogether. H. William Burgess, Honolulu, Hawaii

Editor: Re Congressman Pence's "Stop Bailout Plan," all I can say is, "Mike Pence for President." Bill Bateman

Editor: Congressman Mike Pence had years to debate what is good for the markets. He and the Congress and the Fed failed. Did you hear the anger against the US at the UN on Sept 23, 08 while some Congressmen were talking about talking? The world markets are seriously affected by our sub prime nonsense and living on credit. Capable people (at least the best we have) like the treasury secretary and chairman of the Federal Reserve have a proposal to possibly prevent depression in the world markets. The poor will die and the middle classes will be looking for soup kitchens. There is no time for speech making and sounding good to one's constituents. Vote on the proposal before it is too late. The plan may fail but failure is almost certain if it is not tried NOW. Ed Briody

Editor: Mike Pence has the right idea in "Stop Bailout Plan." Keep him going. Ed Watson, San Diego

Editor: I disagree with Congressman Pence. Congress should act and act immediately to buy up the illiquid assets consisting of the Mortgage Back Securities sitting on the balance sheets of the nations' banks. This will restore the ability of the banks to supply credit to the economy. Buying these assets from the banks will also put the Treasury in the position of very possibly profiting from this purchase. This is not a bailout but a purchase by the Treasury of illiquid assets which will mature some years in the future. John Bressler

Editor: Regarding Mike Pence's "Stop Bailout Plan," all I have to say is "no bailout." Moe Ray

Editor: Re Mike Pence's "Stop Bailout Plan." I, like millions of Americans, am fed up with the corruption at all levels of this THING that we refer to as "government." This latest debacle referred to as Fraud Street is deplorable. Who paid for OUR financial woes when IBM collapsed? We did. Who pays for all of the Social programs while others do nothing but receive from them...WE DO. So many social programs it is overwhelming, and most Americans have no idea that they even exist. At every turn, another crook surfaces, at every turn there is another greed based scandal that this "government" illegally passes on to the people of the REPUBLIC! Who gave this "government" the right to tap OUR money at will? I'm sick and tired of Social programs at my expense, and I will NOT live to support Socialism, yet I WILL survive against it. We need leadership to revolt against the greed, corruption, and self serving elected political garbage that has permeated our entire system. Take the second and third homes from these people who are truly responsible for the problems that THEY created. Take their multi million dollar yachts, their mansions and their pensions. Take THEIR life's savings. Put THEM in the streets like they so matter of factly do to people through their greed and corruption. I am a fiercely loyal AMERICAN patriot of this great Nation. I deplore the crooks in Washington and those who run these big corporations who are responsible for this disgraceful mess. If this thing we refer to as "government" and these "executives" think that those of us who truly stand for this United States of America are going to continue being driven to despair and oppression so they can continue to wear Armani suits and Gucci shoes, ya better think again. The second revolution is about to begin. Rick Christensen

Editor: No bailout. Regarding Mike Pence's "Stop Bailout Plan," let those responsible on Wall Street and in Congress know they will be held accountable and responsible for their actions. Milton Turoff, West Orange, NJ

Editor: Regarding John Goodman's "Health Insurance Solved," the term in the former era was "irresponsible" to convey the idea that individuals had the responsibility to take care of themselves. Now, it's "uninsured" in order to convey the idea that they are victims of somebody else's creation. But victims of what? I think, Congress. Laura D. Cooper, Attorney at Law (For a full discussion of the matter see my <http://www.lauraslinks.com/Offsite/WHITE%20PAPER%20FULL.pdf>)

Editor: Alex Castellanos wrote in an article that Barack "Obama Needs a Second Act" to the "Change" message he had used to secure his party's nomination. Boy did he hit this one on the head!!! Obama kept screaming "change" from the top of his lungs, and from every rooftop, while avoiding dealing with facts and issues. By doing this he effectively cut Hillary Clinton off at the knees since she did not have a popular agenda issue to "sell." Mr. Castellanos is accurate to now say, Obama lost steam when he suddenly had to define, "change." Worse is that John McCain co-opted the line and has used it effectively to identify "his" change agenda of dumping his parties old guard in favor of his idea of bi-partisanship government. It may not work even if he is elected, but, it is an effective line to GET elected. McCain/Palin might just pull off another Republican presidential victory, in an election year that "those who know what is best for us," had predicted four years ago, was "their" election. This time, those nasty Republicans were not going to steal the election. Well, if ACORN and others have their way, Democrats might win the 2008 presidential election. But I say, if the election is actually fair and all "legal" votes are counted, I think McCain/Palin does win. Thanks, Steve Ralston

**E-mail the
Editor**